



State of Rhode Island  
Division of Public  
Utilities & Carriers

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**To:** Luly Massaro, Commission Clerk  
Rhode Island Public Utilities Commission

**From:** Joel A. Munoz, Rate Analyst  
Rhode Island Division of Public Utilities & Carriers

**Date:** December 6, 2019

**Subject:** Docket No.: 4991 – Pascoag Utility District  
2020 Demand Side Management Program

**2020 Demand Side Management Program Filing**

On November 7, 2019, Pascoag Utility District (Pascoag) filed with the Public Utilities Commission (Commission) a proposed Demand Side Management (DSM) Program budget for calendar year 2020. Pascoag did not propose any changes to its currently approved DSM charge of \$0.002 per kilowatt-hour. The total proposed budget for 2020 is \$199,829 which is comprised of \$110,262 from projected DSM rate revenues, a carryover of \$5,867 from 2019, \$19,000 from 2019 Regional Greenhouse Gas Initiative (RGGI) carryover funds and \$64,700 from 2020 RGGI funds.

According to Pascoag's executive summary, Pascoag has been working in partnership with the Office of Energy Resources (OER) and with OER's energy consultant, Optimal Energy (Optimal), on developing and implementing a series of strategies and recommendations aimed at expanding and enhancing access to energy-cost saving measures to ratepayers and reducing greenhouse gas emissions. Several adjustments were made to the 2020 DSM Plan including combining existing programs with similar attributes for budgetary flexibility and retiring several incentive offerings for products that provided minimal claimable energy savings and reallocating those funds to products that provide greater energy savings for customers.

**Residential Program**

Pascoag is requesting funding for their Home Energy Audits with Weatherization Incentives in the amount of \$65,000, same as last year. Since last year, with the use of RGGI funds, Pascoag has managed to ramp up its audits from previous years from 10-20 annual audits, to approximately 95 so far with an aim to complete 120 by the end of this year. The 2020 proposal aims at completing another 120 audits by the end of 2020. This

program will also be expanded to include low-flow aerators and shower heads for customers that heat with electric, oil and propane, as well as, the already available weatherization incentives such as insulation, air sealing and programmable thermostats.

Pascoag proposes eliminating funding for two of its incentives in Residential Sector programs: the Windows/Skylight and Doors Incentive and the Heating System Incentive. The Windows/Skylight and Doors Incentive, while popular among customers, offer some energy savings but Pascoag has found it difficult to accurately estimate the savings resulting from these measures. Instead, Pascoag would prefer to focus on other programs where it can more accurately estimate energy savings and benefits. In addition, Pascoag has roughly 48 apartments that heat with geothermal and 41 with resistance electric heat among its approximate 4,278 residential customers. This represents a little over 2% of those customers. The vast majority of savings associated with this incentive would be heat/thermal savings for customers who use oil, gas, or propane, instead of electricity savings for the electric customers who fund this program.

Similarly, Pascoag is looking to shift funding from the Heating System Incentive and focus its efforts and funding towards supporting the Heating, Ventilation, and Air Conditioning (HVAC) and Water Heater Program in an effort to incentivize customers into investing and transitioning to heat pump technology. Following this reasoning, Pascoag is proposing an increase in the HVAC and Water Heater Program from \$3,300 in 2019 to \$7,000 in 2020. The increase in funding includes a change to the rebate level by basing the incentive on a per ton basis instead of a flat rate. In this manner, Pascoag will be able to provide customers with more incentive for products that offer more savings potential.

Last year, the Commission expressed concern that Pascoag customers may be benefiting twice from Pascoag and National Grid rebates for the purchase of LED lights and that savings were being claimed twice. The Division is satisfied that Pascoag has addressed the Commission's concern in this year's filing by revisiting the potential list of retailers that are on National Grid's list and finding that all the stores in close proximity to Pascoag are working with National Grid. Instead of offering rebates, Pascoag is proposing to give away LED lightbulbs at the various community events it attends.

#### Industrial/Commercial Program

Pascoag proposes using \$18,700 in carryover RGGI funds in 2020 to complete the last lighting project for the Burrillville School Department at Burrillville High School. The project will save 258,578 kWhs annually. Pascoag would like to allocate \$22,764 in funds to accommodate identified projects in 2020, namely phase 2 of the Ashton Court interior lighting project. Pascoag would also like to keep the rebates for lighting projects at 60% on retrofit projects and 40% on new lighting projects, both of which have proven successful in incentivizing lighting projects in 2019. In addition, Pascoag would like to create a Potential 2020 Lighting & Energy Efficiency Projects line item and fund it with \$10,250 in order not to miss any opportunities to work with business customers on energy efficiency projects not yet identified.

### Administrative

Pascoag's costs for administering the programs are consistent with last year's costs at \$21,000. Pascoag also asks that \$10,000 be set aside again this year for consultant fees so that it may continue to work with Optimal on accurately tracking energy and cost savings data, perform a detailed cost and benefits analysis and to continue program development. A noteworthy budget change is the elimination of funding for the University of Rhode Island Energy Fellow Intern. The Fellow Intern was helpful in marketing energy efficiency content on social media and updating energy efficiency handouts in 2019. Unfortunately, due to budget constraints, Pascoag is now requesting to discontinue funding with an eye on bringing back the intern program in the future.

### Community Outreach, Marketing, & Education

Pascoag is requesting an increase of \$1,000 for both its Outreach/Education and Community Events programs this year. Pascoag continues to make progress in reaching out, networking and educating its customers about energy efficiency. Pascoag partners up with other community organizations like Burrillville Prevention Action Coalition, Burrillville Aging Stronger, Jesse Smith Library, and the Town of Burrillville's Parks & Recreation Department. Pascoag attends community events like the Burrillville Family Fair, the Green Festival, and the Burrillville Aging Stronger luncheons. The increases will help fund this continued outreach, which Pascoag explains is important in a tight knit community like the one that exists within Pascoag's service territory.

### Recommendation

After review of Pascoag's filing and responses to data requests, the Division accepts as reasonable the explanations and bases Pascoag provides to support the particulars of its proposed budget. Accordingly, the Division recommends that the Commission approve Pascoag's 2020 DSM Program budget as filed.